



4310-FB

DEPARTMENT OF THE INTERIOR

Bureau of Land Management

[LLNM006200 L99110000.EK0000 XXX L4053RV]

Notice of Crude Helium Auction and Sale for Fiscal Year 2017 Delivery

AGENCY: Bureau of Land Management, Interior.

ACTION: Notice.

SUMMARY: The Secretary of the Interior (Secretary), through the Bureau of Land Management (BLM) New Mexico State Office, is issuing this Notice to conduct an auction and sale from the Federal Helium Program, administered by the BLM New Mexico Amarillo Field Office. The Helium Stewardship Act of 2013 (HSA) (Public Law 113-40) requires the BLM to conduct an annual auction and sale of crude helium. Accordingly, the BLM will use the auction and sale process established in 79 FR 42808, dated July 23, 2014, and further refined in 80 FR 51304, dated August 24, 2015.

DATES: Effective on [INSERT DATE OF PUBLICATION].

FOR FURTHER INFORMATION CONTACT: Robert Jolley, Amarillo Field Manager, at 806-356-1002. Persons who use a telecommunications device for the deaf (TDD) may call the Federal Information Relay Service (FIRS) at 1-800-877-8339. The FIRS is available 24 hours a day, 7 days a week, to leave a message. You will receive a reply during normal business hours.

SUPPLEMENTARY INFORMATION

A. Purpose and Background:

In October 2013, Congress passed the HSA. The HSA requires the Department of the Interior, through the BLM Director, to offer for auction and sale annually a portion of the

helium reserves owned by the United States and stored underground at the Cliffside Gas Field, near Amarillo, Texas.

On July 23, 2014, the BLM published a “Final Notice for Implementation of Helium Stewardship Act Sales and Auctions” in the Federal Register (79 FR 42808) (2014 Final Notice). The 2014 Final Notice contained information about the HSA, definitions of terms used in the Notice, the reasons for the action, and a process for conducting the auctions and sales in FY 2014.

On August 24, 2015, the BLM published a “Notice of Final Action: Crude Helium Sale and Auction for Fiscal Year 2016 Delivery” in the Federal Register (80 FR 51304) (2015 Final Notice). The 2015 Final Notice refined the process the BLM used in 2014 for conducting the auction and sale of crude helium. The BLM will use the process set forth in the 2015 Final Notice for the auction and sale of crude helium to occur in FY 2016 for FY 2017 delivery.

Both the 2014 and 2015 Final Notices are available at the BLM helium operations website at: <http://www.blm.gov/nm/helium>.

B. Volumes Offered in the FY 2017 Helium Auction and Sale:

Table 1 identifies the volumes to be offered for auction and sale in FY 2016 for FY 2017 delivery.

Table 1. Projected Volumes for Auction and Sales for FY 2017 Delivery

Fiscal Year (FY)	Forecasted Production Capability (NITEC Study)	In-Kind Sales (Sales to Federal Users)	Total Remaining Production Available for Sale/ Auction or Delivery	Volume Available for Auction	Volume Available for Non-Allocated Sale	Volume Available for Sale
	MMcf*	MMcf	MMcf	MMcf	MMcf	MMcf
FY 2017**	1,160	160	1,000	400***	60	540

* MMcf means one million cubic feet of gas measured at standard conditions of 14.65 per square inch atmosphere (psia) and 60 degrees Fahrenheit.

** Delivery for FY 2017 sales and auctions will be subject to the new storage contract that began October 1, 2015.

*** 40% of total production capacity after deducting In-Kind (rounded).

C. FY 2017 Helium Auction

1.01 What is the minimum FY 2017 auction price and the FY 2017 sales price? The minimum FY 2017 auction price is \$100 per Mcf (one thousand cubic feet of gas measured at standard conditions of 14.65 psia and 60 degrees Fahrenheit). The BLM will announce the FY 2017 sale price after the auction has concluded, and the BLM completes its analysis of the auction information. The BLM will use this information to publish the crude helium price for FY 2017. The BLM publishes this crude helium price, effective October 1, 2016, in order to provide a consistent index to the world-wide helium market.

1.02 What will happen to the helium offered but not sold in the helium auction?

Any volume of helium offered, but not sold in the FY 2017 auction, will be added to the helium available for sale and will be offered in the FY 2017 sale.

1.03 When will the auction and sale take place? The BLM will offer helium for FY 2017 according to the following schedule:

July 20, 2016 FY 2017 helium auction held in Amarillo, Texas

July 21, 2016 FY 2017 helium auction results published on the BLM website

July 25, 2016	Invitation for offers (IFO) posted for helium sale
August 19, 2016	Bids due from IFO
August 25, 2016	Award announcements published on the BLM website
August 26, 2016	Invoices sent on or before; payments due 30 days from invoice

1.04 What is the auction format? The auction will be a live auction, held in the main conference room of the Amarillo Field Office at 1:00 pm central time, on July 20, 2016. The address is 801 South Fillmore, Suite 500, Amarillo, TX 79101. Anyone meeting the HSA definition of a qualified bidder may participate in the auction. The logistics for the auction and the pre-bid qualification form is included in a document entitled, “Auction Guide” at www.blm.gov/nm/helium2017. Questions related to the auction can be submitted by phone to the BLM at 806-356-1001.

1.05 Who is qualified to purchase helium at the auction? Only qualified bidders, as defined in 50 U.S.C. 167(9), may participate in and purchase helium at the auction. The BLM will make the final determination of who is a qualified bidder using the HSA’s definition of a qualified bidder, regardless of whether or not that person was previously determined to be a qualified bidder.

1.06 How many helium lots does the BLM anticipate offering at the FY 2017 auction? The BLM anticipates auctioning 400 MMcf in a total of 24 lots for FY 2017. The lots would be divided as follows:

- 10 lots of 25 MMcf each;
- 8 lots of 15 MMcf each; and
- 6 lots of 5 MMcf each.

1.07 What must I do to bid at auction? The BLM has described the live auction procedures, including detailed bidding instructions and pre-bid registration requirements,

in a document entitled, “FY 2017 Auction Notice and Guide” at www.blm.gov/nm/helium2017.

1.08 When will helium that is purchased at sale or won at auction be available in the purchaser’s storage account? The BLM will transfer the volumes purchased in the FY 2017 auction and sale to the buyer’s storage accounts beginning on the first day of the month following receipt of payment.

D. FY 2017 Helium Sale

2.01 Who will be allowed to purchase helium in the FY 2017 sale? The crude helium sale will be separated into two distinct portions, a non-allocated portion and an allocated portion. The non-allocated portion will be ten percent of the total amount offered for sale for FY 2017, and will be available to those storage contract holders, as of June 30, 2016, who do not have ability to accept delivery of crude helium from the Federal Helium Pipeline (as defined in 50 U.S.C. 167(2)). The allocated portion will be ninety percent of the total amount offered for sale for FY 2017, and will be available to any person (including individuals, corporations, partnerships, or other entities) with the ability to accept delivery of crude helium from the Federal Helium Pipeline (as defined in 50 U.S.C. 167(2)).

2.02 How will helium sold in the FY 2017 sale be allocated among those participating in the non-allocated sale? The non-allocated sale will be made available to all qualified offerors not eligible to participate in the allocated sales. The minimum volume that can be requested is 1 MMcf. The total volume available for the non-allocated portion of the sale is 40 MMcf. Any volumes not sold at auction will be distributed between the non-allocated (10 percent) and the allocated sale (90 percent). Any volumes not purchased at the non-allocated sale will be sold in the allocated portion.

2.03 How will the helium sold in the FY 2017 sale be allocated among the persons to accept delivery of crude helium from the Federal Helium Pipeline?

Any person wishing to participate in the allocated portion of the FY 2017 sale needs to report its excess refining capacity and operational capacity by June 30, 2016, using the Excess Refining Capacity form, which can be downloaded at:

<http://www.blm.gov/nm/heliumreporting>, or in a link entitled “Required Forms for Helium Reporting” at www.blm.gov/nm/helium2017. Each person participating in the sale will then be allocated a proportional share based upon that person’s operational capacity.

2.04 How does a person apply for access to the Federal Helium Pipeline for the purpose of taking crude helium?

The steps for taking crude helium are provided in the BLM's Helium Operations website in a document entitled, “How to Set Up a Storage Account and Pipeline Access” at <http://www.blm.gov/nm/helium2017>. Reporting forms show the due dates for each report, and can be found in a document entitled, “Required Forms for Helium Reporting” at www.blm.gov/nm/helium2017. The length of time required to apply for and obtain access to the Federal Helium Pipeline vary based on the person’s plans for plant construction, pipeline metering installation, and other variables. The BLM is available to provide technical assistance, including contact information for applying for access and meeting any applicable National Environmental Policy Act requirements.

E. Delivery of Helium in FY 2017

3.01 When will I receive the helium that I purchase in a sale or win based on a successful auction bid? Helium purchased at the FY 2017 sale or won at the FY 2017 auction will be delivered starting October 1, 2016, in accordance with the crude helium

storage contract. The intent is to ensure delivery of all helium purchased at sale or auction up to the BLM's production capability for the year.

3.02 How will the BLM prioritize delivery? The HSA gives priority to Federal in-kind helium (i.e., helium sold to Federal users) (50 U.S.C. 167d(b)(1)(D)) and (b)(3)). After meeting that priority, the BLM will make delivery on a reasonable basis, as described in the crude helium storage contract, to ensure storage contract holders who have purchased or won helium at auction have the opportunity during the year to have that helium produced or refined in monthly increments.

F. Background documents

Supplementary documents referenced in this Notice are available at the BLM helium operations website at: <http://www.blm.gov/nm/helium2017>, and include the following:

- a. The HSA (50 U.S.C. 167);
- b. FY 2017 Helium Auction Notice and Guide;
- c. Table of Projected Volumes for Sales and Auctions for Delivery for FY 2017-FY 2021 (informational);
- d. Hypothetical example of how the FY 2017 Allocated Sale would be conducted (informational);
- e. Hypothetical example of how the FY 2017 Non-Allocated Sale would be conducted (informational);
- f. Schedule for Helium Auction and Sale;
- g. How to Set Up a Storage Account and Pipeline Access;
- h. 2016 Reference Helium Storage Contract (informational); and
- i. Required Forms for Helium Reporting.

AUTHORITY: The HSA of 2013 (Public Law No. 113-40) codified to various sections
in 50 U.S.C. 167-167q

Aden Seidlitz

Associate State Director

[FR Doc. 2016-15754 Filed: 7/1/2016 8:45 am; Publication Date: 7/5/2016]